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SECTION 4000

OUTSIDE RESEARCH/CONTRACT MANAGEMENT

4100 Research Conducted under Contract Outside of Caltrans

The performance of Department research projects by universities, other public agencies, or private contractors is considered when the Department does not have the necessary personnel classification, expertise, or equipment to conduct the research. Performance of the work will be in accordance with a detailed proposal that is submitted to the OPRM by the principal investigator through the project manager. For additional information regarding legal justification for contracting out, refer to Government Code 19130(A) and (B). For additional information on procedures and requirements on requests for proposals (RFP) and sole source (SS) contracts, see:

- Section 1200 of the State Administrative Manual (SAM)
<http://sam.dgs.ca.gov/>
- Section 5.15 of the DGS State Contracting Manual (SCM) for RFPs
http://www.ols.dgs.ca.gov/CONTRACT_MANUAL/manual6a.pdf
- Section 5.70 of the DGS State Contracting Manual (SCM) for SSs
http://www.ols.dgs.ca.gov/CONTRACT_MANUAL/manual6a.pdf
- Section 3.7 of the Caltrans Service Contracts Manual (CSCM) for RFPs
http://svsgi1.caltrans.ca.gov:86/CSCM/chap_3.pdf
- Section 3.3 of the Caltrans Service Contracts Manual (CSCM) for SSs
http://svsgi1.caltrans.ca.gov:86/CSCM/chap_3.pdf

4200 Public Sector Research Contracts

Most of Caltrans research contracts are with universities, other State agencies, an agency of the federal government or other public organizations. When seeking to contract for the performance of research with any of the above entities, the Contract Manager (CM) may negotiate informally with as many or as few such public organizations as may be deemed necessary by the responsible Headquarters or District unit in order to select the best contractor to do the research.

After the unit has received the selected contractor's research proposal and has determined that it is satisfactory, the unit should formally send a completed research contract proposal package to the OPRM.

After determining that the proposed research project has been authorized and that funding is available, the OPRM will:

- Assign a research project study number.
- Supply the CM with an expenditure authorization (EA) number to begin work with Office of Procurement and Contracts (OPAC).

The OPAC will return the fully executed agreement to the contractor and the CM. The CM will formally notify the contractor of the effective date to begin work, and forward a copy of the contract to the OPRM.

4300 Private Sector Research Contracts

Research to be performed under contract by an organization in the private sector usually involves issuance of a Request For Proposal (RFP). The RFP is a solicitation procedure to evaluate proposals from bidders and to determine to whom the contract should be awarded. A RFP should state, "Here is what we wish to have accomplished; how will you accomplish it for us; and how much will we have to pay you. For detailed guidance in preparing a RFP, see *Section 3.7 of the Caltrans Service Contracts Manual (CSCM)* at:

http://svsgi1.caltrans.ca.gov:86/CSCM/chap_3.pdf

The RFP is prepared by the project manager with the assistance of OPRM staff and OPAC.

4310 The Request for Proposal (RFP)

The project manager must clarify what is wanted beforehand and communicate it in the published RFP, to prospective contractors, then the unit should receive more acceptable proposals that are complete, responsible and responsive to the unit's needs.

RFP process should include:

- A clear description of the problem to be solved. If a problem cannot be clearly delineated it is either not sufficiently understood to be successfully addressed by a contractor or it is not really a problem deserving of contractor attention.
- In specific and realistic terms, identify what the contractor is to accomplish. This would include any desired approach to the problem; practical, policy, technological, and legal limitations; specific questions to be answered; format and number of copies of the completed reports; and the extent and nature of the assistance and cooperation which will be available to the contractor from the State.
- The standards/criteria which will be used in evaluating the research proposals.

- Firm or estimated time schedules including dates for: award of contract, commencement of performance, submission of progress reports, if any, and completion. Payments will be based upon invoices for Caltrans receipt of identified deliverables, products or documentable milestones.
- OPAC will obtain any negative Contractor Evaluation forms on file with the General Services Office of Legal Services, and provide them to the contract manager for review by the evaluation team. The RFP requires that resumes from each person who will exercise a major administrative role or major policy or consultant role on behalf of the contractor, as identified by the contractor, be included in the contractor's proposals.. The winning contractor's proposal is then attached to and incorporated into the resultant contract.

4400 Sole Source Method

Contracts may be awarded without competitive bids or proposals under special circumstances. See *Section 3.3 of the Caltrans Service Contracts Manual (CSCM) for SSs* at http://sysgi1.caltrans.ca.gov:86/CSCM/chap_3.pdf. If all three of the following conditions can be met, a sole source exemption may be granted.

- The Director of DGS has determined that the State's interests are better served by exemption from competitive bidding.
- DGS Procurement agrees there is only a single source for the services and has approved a "Contract Advertising Exemption Request", form STD 821 (submitted by OPAC) identifying a specific contractor.
- When allowed by Executive Order W-103-94 Management Memo 94-16 regarding a state emergency based on public health and safety, preservation of life or state property.

Regardless of who the sole source contractor is, documentation of the following must be provided in or with the memorandum of transmittal:

- The prospective contractor's qualifications: this person, group of people or company is uniquely capable of performing the research work, possesses knowledge, skills and/or information.
- Selection of the contractor was based on an evaluation of the qualifications of other prospective, competitive contractors and civil service.

A copy of the completed research contract proposal package for sole source selection must be included in the memorandum transmitting the proposal to the OPRM. This memorandum should include the appropriate functional management approval.

A completed research contract proposal package includes the following:

- Research Project Request Form
- Contractor Letter/Proposal Cover Sheet
- Seven Copies of the Research Proposal
- Principal Investigator(s) Resume
- Literature Search
- Service Contract Request (ADM-360)
- Project/Contract Manager Agreement
- Consulting Services Contracts Approval Request Memorandum
- If applicable, a signed “*Sole Source Contracts and Purchase Orders*” Business, Transportation and Housing Agency Exemption Request, form ADM 2041

The contract manager will forward a completed research contract proposal package to OPAC for contract processing and execution.

4500 Contract Contents

Contracts for research projects or the related master agreements OPRM will include general information, equipment, subcontracts, travel, payments, contract amendments and additional contract requirements.

4510 General Information

All contracts must contain the following information:

- Names of parties involved.
- A brief statement of objective.
- Statement of work to be performed. Generally, the work is described in detail by the contractor's proposal which is attached to and by reference made a part of the contract.
- Description as basis for payment and allowable costs. A list of deliverables with dates of delivery. Payments will be contingent upon Caltrans receipt of deliverables/products.
- The source of funds.
- Requirement that research work be completed within a specific time period and that interim and final reports be produced at specific intervals.
- Ownership of research data, publication rights, patent rights, civil rights clauses, disputes clauses, contingent fees, liability, inspection of work, access to records, cost principles, records retention requirements, and equipment inventory record requirements.
- Date of expiration of contract.

- Provision for credit reference disclosure statement and disclaimer clause in reports.
- Any subcontract in excess of \$25,000 as a result of this contract shall contain all of the provisions stipulated in this contract.

4520 Specialized Equipment

The purchase or rental of specialized equipment required in the conduct of a research study is an allowable cost under most contracts.

4521 Itemized Special Equipment

Items of specialized equipment to be purchased for the study should be itemized in the cost estimate portion of the research proposal and included as direct costs. As noted above, the research proposal, by reference, is made a part of the contract, thereby covering the purchase of such equipment. Some guidelines for the purchase of specialized equipment, in addition to those provided in Section 3400 are as follows:

- The item has a useful life usually of more than two years and a unit purchase price usually of more than \$500 (for specific requirements, see applicable research agreement).
- The items of equipment included as direct costs have been excluded from the indirect costs.

4522 Title To Specialized Equipment

The title to specialized equipment purchased under a contract rests with the Department. At the end of the project, the Department may:

- Have such equipment turned over to the Department with any costs incurred by the contractor for such return being designated as an allowable charge against the contract. If the study is federally participating, the contract manager will then credit the study with the residual value of the equipment as agreed upon with the appropriate federal agency.
- By mutual agreement with the contractor, and upon approval of the appropriate agency if the study is federally participating, allow the contractor to purchase such equipment at a price equal to its residual value. The residual value would then be credited to the study.
- Authorize continued use of such equipment for another research project the contractor may have with the Department.

4523 Inventory Records

In this case, residual values will be established for the equipment. The new study will be charged an amount equal to the residual value and the completed study will be credited with a like amount. When such equipment is no longer needed, it shall be disposed of in accordance with the two paragraphs above.

Inventory records are required to be maintained by the contractor and any subcontractor for all specialized equipment purchased with or built with funds provided under the research agreement. The contract manager is responsible for ensuring that proper inventory records are maintained.

4524 Rental of Specialized Equipment

Specialized equipment may be rented if its rental rates and costs are included in the estimate portion of the research proposal; otherwise, prior approval by the Department is necessary. OPRM approval must also be secured if the project is federally participating and the rental cost is more than 20 percent of the total contract amount. To document rental payments for all pieces of rented equipment, the contractor must retain vendor rental invoices. These invoices must indicate the vendor name and address, the equipment rented and the amount paid by the contractor.

4530 Subcontracts

The contractor will be required to perform with his own staff all work, except subcontracted specialized services or other tasks specifically exempted in the contract or subcontracted work to meet set goals for Disabled Veteran Business Enterprises (DVBE) for state funded contracts, or for Disadvantaged Business Enterprises (DBE) for federally funded contracts. Specialized services are those services not ordinarily furnished by a contractor performing the particular type of research project.

Specialized services and subcontract work are to be identified in the contractor's research technical proposal and itemized in the estimate of cost portion of the research proposal that by reference is made a part of the contract. Approval prior to execution is required of the OPRM where subcontracts will provide research data.

After the contract is fully executed, additional subcontracting or additional specialized services must have the approval of the OPRM and a formal written amendment to the contract processed and executed by OPAC.

4540 Travel

Travel required by the contractor's personnel for the effective performance of the research will be reimbursed, subject to Department of Personnel Administration rules. Travel for the purpose of attending meetings not directly contributory to the research project and for the sole purpose of presenting papers or lectures related to the research project will not be reimbursed. Department approval is required prior to the contractor's travel reimbursement if the travel involved was not described in the approved proposal.

4550 Payments

Progress payments are not allowed on service contracts of less than three months duration. Progress payments for research under contract should not be made more frequently than monthly in arrears at clearly identifiable stages of progress or not until the receipt of identified deliverables or products. Progress payments are based upon written progress reports submitted with the contractor's invoices. The State retains 10 percent from each progress payment with an organization other than those in the public sector. Payment cannot be made for costs incurred by the contractor prior to the stated performance period or after the expiration date of the contract. Where costs are anticipated subsequent to the contract expiration date, the contractor should submit a request for an appropriate time extension (see Section 4560 below).

The *Service Contracts Managers Handbook, December 1996*, contains explicit instructions for reviewing and approving contract invoices. These instructions require "Contract Managers to verify and approve all invoices before submitting them to Accounting for payment." While contract managers are not required to perform audits before approving invoices, "reasonable judgment" should be used to determine that the work and expenses were accomplished. The contract manager should know the technical progress of the contract. This invoice should reflect what is being done on the contract and match the cost proposal and match required progress reports. If there are any discrepancies between the invoice and the cost proposal, the principal investigator should be contacted and details of the discussion should be documented.

4560 Contract Amendment

Time extensions, changes in funds, or changes in the scope of the work require the preparation and execution of a formal written contract amendment.

The contractor should submit his request to the project manager at least four months prior to the need for contract amendment.

The completed research contract amendment proposal package for contract amendment should be submitted by the contract manager with its recommendation to the OPRM in the same manner as the original research contract proposal package.

Upon acceptance of the proposed contract amendment by the OPRM, it will be forwarded to OPAC processing and execution.

4570 Additional Contract Requirements

The following additional procedures are required for all research contracts:

- Prior to contract execution, OPAC will request Audits to perform:
 - (a) a Risk Assessment for contracts between \$100,000 and \$249,999.99, or
 - (b) a Pre-Award Audit for contracts of \$250,000 or more.
- The audit will provide an evaluation of the basic cost data and determine the propriety of the proposed contract amount, rates, profit and contract language. The audit will also determine whether or not the contractor's system is adequate to determine reasonable and allowable costs for the proposed contract.
- The Department's civil rights implementation plan for Disabled Veteran Business Enterprises (DVBE) and Disadvantaged Business Enterprises (DBE) contractor utilization has been developed in response to Title VI of the *Federal Civil Rights Act of 1964*. The Department is committed to a program of full compliance with the plan. It is the responsibility of each contract manager to take the necessary action to insure contractor compliance with the plan.

4600 Contract Research Proposal Acceptance

Once the prospective research contractor has been selected, the contract manager should formally transmit its acceptance of the contractor's proposal by memorandum to the OPRM. The memorandum should include the following information:

- A copy of the RFP and a list of the names of those parties from whom proposals were solicited.
- One copy of each proposal or reply received and the names of those solicited who did not reply.
- A description of the system or procedure used to obtain the proposals, together with an evaluation of each proposal.

- Identify the recommended proposal and the basis of the recommendation. FHWA requires that the State have on file documentation that the research contractor is qualified professionally and that he will have properly trained and experienced personnel available to perform the services within the time prescribed.
- The information or data necessary to show compliance with the Department's civil rights implementation plan for DVBE or DBE contractor utilization.
- Justification if the proposal accepted is not the lowest priced proposal received.

4700 Contract Management

4710 Coordination and Surveillance of the Research Contract

The CM must have formal contract manager training and obtain a copy of and be familiar with the requirements in the *Service Contracts Managers Handbook*. Copies of the Handbook are available from OPAC.

For research projects performed under contract, the CM is responsible for the coordination and surveillance of the contractor's work. "Coordination" means guiding the contractor's work towards potential benefit to the Department and consultation with Department operating units as required. "Surveillance" means the monitoring of the performance of the research project to assure that it is in accordance with the terms of the contract with respect to level of effort, expenditures, adherence to time schedule, conformance with approved work plan, and timely submittal of required deliverables. The contract manager is also responsible for reviewing and approving all of the contractor's progress pay vouchers and progress/quarterly reports for adequate contract performance and for reviewing and documenting the propriety of any contract claims prior to and including final settlement of the contract.

4720 Equipment Monitoring

In regards to equipment, the contract manager is responsible for ensuring the contractor and any subcontractors are maintaining adequate inventory records in accordance with the agreement. The record for each piece of major equipment purchased with or built with contract funds should include the following:

- A description of the nonexpendable equipment including the manufacturer, the serial number and model number (on purchased equipment) and any other identification number.

- Source of the nonexpendable equipment and the research project number or title.
- Acquisition date and unit cost.
- Location, use and condition of the nonexpendable equipment and the date the information was reported.
- Final disposition data including date of disposal and sales price or the method used to determine the salvage value.

The contract manager is also responsible for formally advising the OPRM of the contractor's purchase or construction of each piece of equipment with research project funds.

4730 Contract Performance Evaluation

- Prior to contract expiration, if required and so stated in the contract, the contractor's Principal Investigator must hold a final meeting with Caltrans' personnel during which he will present his findings, conclusions, and recommendations.
- Take the steps necessary to implement the contractor's recommendations and findings as appropriate.
- After contract expiration, prepare a Contract/Contractor Evaluation Form, Std. 4, and submit one (1) copy each to the OPRM and to OPAC . If the evaluation is negative, OPAC must send a copy to the Department of General Services, Office of Legal Services.

4800 Contract Research Work for Others

4810 General Information

In deciding whether or not to respond positively to the RFP, the contract manager must consider:

- Caltrans general policy regarding the performance of work for others.
- Availability of the necessary expertise, staff classification, equipment and building space without reducing the providing unit's effectiveness in the performance of its primary duties.
- The benefit to Caltrans, if any, for performing the requested research.

4820 Contract Development and Administration

As appropriate, the responsible Headquarters or District unit may:

- 4821** Decline to perform the research and advise the requesting agency (no such response is necessary in the case of NCHRP RFPs); or
- 4822** Propose to conduct the research by adhering to the following procedure:
- The contract manager is responsible for preparing the proposal (either solicited or unsolicited) and forwarding it to its Program Manager for his/her recommendation for approval.
 - If the research is applicable the Program Manager may recommend approval by formally sending the proposal to the OPRM.
- 4822** Summarize the proposed research contract in a memorandum of transmittal signed by the program manager. The memorandum should include the following:
- The nature of work to be undertaken, the research objective and justification from Caltrans perspective.
 - The nature and extent of any other organization's direct involvement.
 - Personnel requirements to conduct the project for each fiscal year of the projected life of the proposed research project. Comment on the availability of Caltrans skilled persons and PYs.
 - If Caltrans performs the research work under the terms of the proposed contract, will it cause a delay in any other work? If so, what activities would be adversely affected and by how much?
 - An estimate of cost/benefits for the research. This estimate should include all the savings and benefits brought about as a direct result of the research. Any underlying assumptions and methodologies should be documented.
 - Details of total cost by fiscal year. Will all costs be reimbursed by the contract? If not, who is going to pay the balance of the cost?

4824 The Research Program Advisors Council will consider the project.

If the Research Program Advisors Council recommends the research proposal, the contract manager will obtain any additional, necessary in-house approvals and then submit the approved proposal to the grantor who will prepare the contract documents.

4825 Upon receipt of the contract documents from the grantor, the contract manager will review and formally transmit them, with recommendations, to the OPRM.

OPRM The contract manager will initiate the processing of the contract documents and will return them to the grantor after they have been signed on behalf of the State.

Any subsequent changes which materially revise the project will be handled in the same manner as State funded projects. Copies of all correspondence and reports regarding contract research for others should be provided by the contract manager to the OPRM.

